

New Development Report

2018

First Quarter

MANHATTAN

\$2,513 ▼ 3.7% YoY

AVERAGE PRICE
PER SQ. FT. ACTIVE

\$2,185 ▼ 1% YoY

AVERAGE PRICE
PER SQ. FT.
CONTRACT SIGNED

\$2,152 ▲ 4.1% YoY

AVERAGE PRICE
PER SQ. FT. CLOSED

6,088 ▼ 5.2% YoY

AVAILABLE INVENTORY
(UNITS)*

BROOKLYN

\$1,475 0% YoY

AVERAGE PRICE
PER SQ. FT. ACTIVE

\$1,413 ▼ 5.3% YoY

AVERAGE PRICE
PER SQ. FT.
CONTRACT SIGNED

\$1,409 ▲ 3% YoY

AVERAGE PRICE
PER SQ. FT. CLOSED

1,330 ▲ 100% YoY

AVAILABLE INVENTORY
(UNITS)*

*Available inventory includes all units currently on the market as well as those not yet released.

Summary Points

\$2,185 PSF

In Manhattan, pricing for new development units entering into contract in Q1 2018 fell 1.0% quarter-over-quarter and 1.5% year-over-year to **\$2,185 PSF**. Avg. PPSF for closed new development rose 4.1% quarter-over-quarter to \$2,152, boosted by closings at 432 Park Avenue, but remained essentially flat year-over-year.

\$1,413 PSF

In Brooklyn, new development entering into contract averaged **\$1,413 PSF**, remaining above \$1,400 psf for the fourth consecutive quarter and up 3.82% year-over-year. However, bucking a trend of four consecutive rising quarters, Avg PPSF declined 5.29% quarter-over-quarter. Avg. PPSF for closed new development in Brooklyn rose 10.25% year-over-year to \$1,409 as previous contract-signed pricing is beginning to be reflected in delivered units. This lag between contract-signed and closed pricing can take between 12 and 24 months to materialize in closed numbers.

16.2%

The Upper West Side experienced the largest quarter-over-quarter increase in Average PPSF of any neighborhood in Manhattan at **16.2%**, rising to \$2,270, due primarily to contracts signed at 250 West 81st, Waterline Square, and 101 West 78th.

6,088 UNITS

Available Inventory in Manhattan declined quarter-over-quarter for the first time since Q1 2016. The figure dropped 5.2% to **6,088 units**, still up 8.23% year-over-year, marking a pause in what has been a two year trend of rising inventory. In Brooklyn available inventory jumped significantly, rising 100%, due almost entirely to the addition of 458 new units at Brooklyn Point (138 Willoughby) in Downtown Brooklyn.

280 UNITS

Total absorption in both Manhattan and Brooklyn was softer this quarter versus the same quarter last year. On a quarter-over-quarter basis absorption ticked upward in comparison to a slow Q4 2017. In Manhattan, just over **280 units** entered into contract in Q1 2018, an increase of 21.5% quarter-over-quarter and a decrease of 19.8% year-over-year. In Brooklyn, nearly 60 units entered into contract in Q1 2018, a 51.3% increase quarter-over-quarter and a 56.5% decrease year-over-year. This decrease reflects a lack of large projects launching in key neighborhoods in recent quarters, inhibiting supply in key price points below \$2M. These numbers include units that entered into contract and closed within the same quarter.

MANHATTAN

BROOKLYN

MEDIAN PRICE PER SQ. FT.		
Active	\$2,289	\$1,485
Contract Signed	\$2,037	\$1,341
Closed	\$1,986	\$1,383
AVERAGE PRICE PER SQ. FT.		
Active	\$2,513	\$1,475
Contract Signed	\$2,185	\$1,413
Closed	\$2,152	\$1,409
MEDIAN PRICE		
Active	\$3,875,000	\$1,700,000
Contract Signed	\$2,814,500	\$1,600,000
Closed	\$2,850,000	\$1,395,000
AVERAGE PRICE		
Active	\$6,363,804	\$2,236,433
Contract Signed	\$4,252,318	\$1,959,154
Closed	\$4,130,221	\$1,709,905
TOTAL INVENTORY (UNITS)		
Total	11,909	2,585
Units Available	6,088	1,330
% Closed or Contract Signed	48.9%	48.5%

Introduction

HPDM is pleased to present our New Development Report for Q1 2018. This report focuses exclusively on the NYC new development condominium market, and aims to be the only report of its kind presenting a comprehensive picture of new development activity. New development is unique from the overall real estate market in that closings often do not occur for 12 to 18 months after a buyer enters into contract. Therefore, to understand this market it is critical to track active listings, listings in contract, closed listings, as well as total inventory. This report analyzes Q1 2018 as a whole and is a snapshot of current new development market conditions.

In Manhattan, pricing for new development units entering into contract in Q1 2018 fell 1.0% quarter-over-quarter to \$2,185 PSF, a 1.5% drop year-over-year. Avg. PPSF for closed new development units rose 4.1% quarter-over-quarter to \$2,152, but fell 0.83% year-over-year.

In Brooklyn, new development entering into contract averaged \$1,413 PSF, falling 5.3% quarter-over-quarter, but rising 3.8% year-over-year as the longer price trend in Brooklyn is still rising. Avg. PPSF for closed new development Brooklyn rose 10.2% year-over-year to \$1,409 as units entering contract during the rising price trend over the past several quarters are now being delivered.

METHODOLOGY:

- All data is provided by proprietary Halstead Property Development Marketing research.
- This report tracks new development projects only, defined as those new to the market and currently selling sponsor units. Buildings that have fully sold out of sponsor units are not included, even though they may be newly built. Resale data is not included in this report.
- All listings were compiled as of 3/19/18.
- **Total Inventory** is defined as all units within new development projects that are currently listed as Active, Contract Signed, or Closed, as well as those units not yet released to the market. **Available Units** is defined as new development units that are currently listed as Active as well as those not yet released to the market. These numbers include units released prior to 2018, provided they are in a project that has not sold out all sponsor units. By including currently unreleased units that are not yet listed as Active this data provides a unique and comprehensive analysis of the current new development market.

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GALERIE

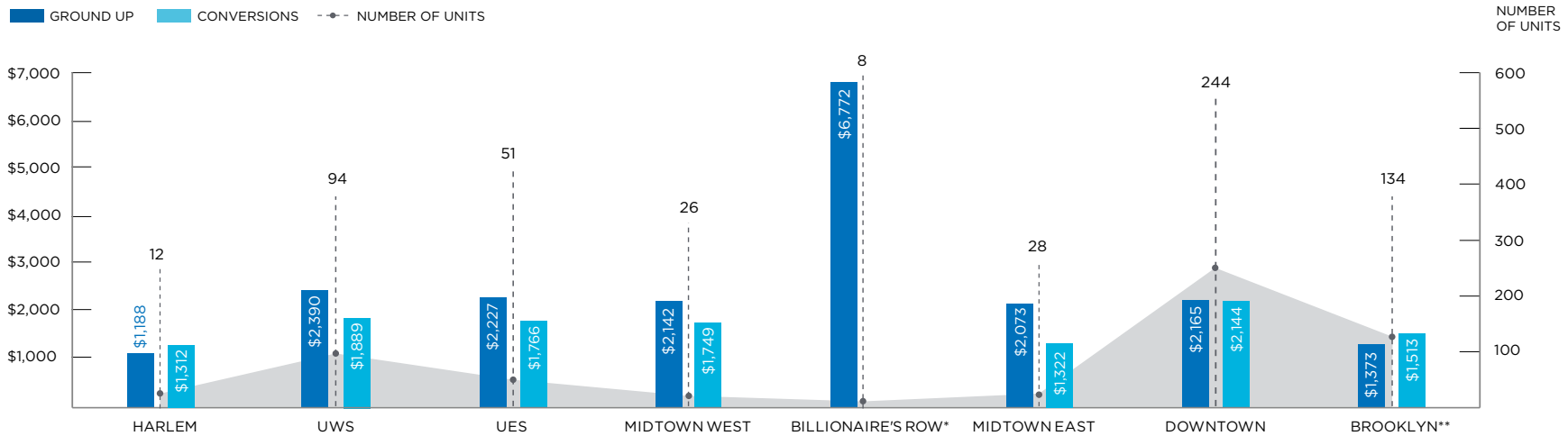
GALERIE 22-22 JACKSON AVE, LONG ISLAND CITY
GalerieLIC.com

Market Overview

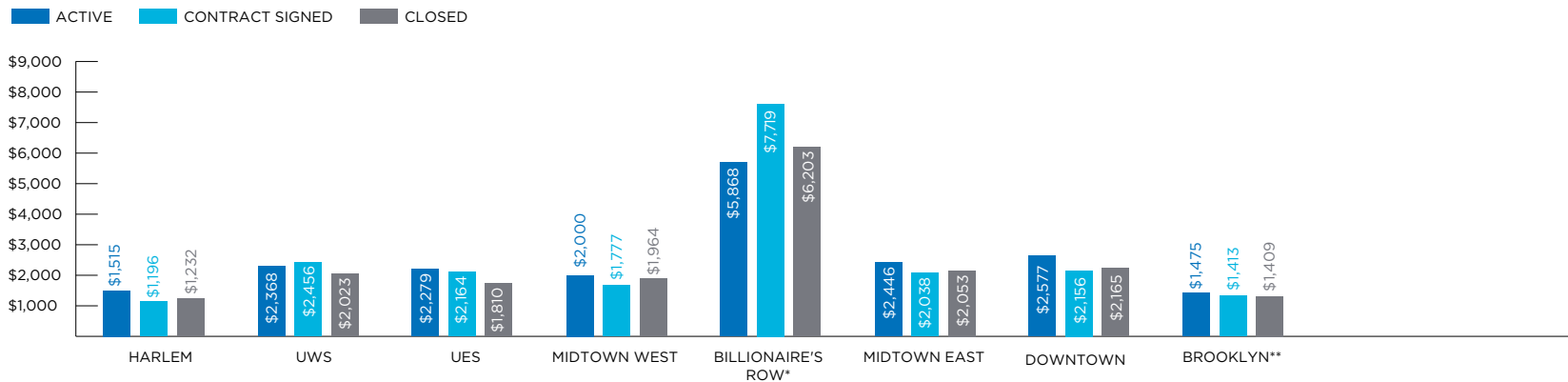
Downtown continued to see the most development activity in Manhattan in Q1 2018 with more than 240 units either entering into contract or closing. Next to Billionaire's Row, Downtown shows the highest Avg. Active Price per Sq. Ft. at \$2,577. The highest Avg. Price per Sq. Ft. for Contract Signed deals in Q1 2018 occurred in the Upper West Side, with an average of \$2,456 PSF, an increase of 23% quarter-over-quarter due to contracts signed at 250 West 81st Street, Waterline Square, and 101 West 78th Street.

CONTRACT SIGNED AND CLOSED

GROUND-UP VS. CONVERSIONS — AVG. PRICE PER SQ. FT.



ACTIVE, CONTRACT SIGNED, CLOSED — AVG. PRICE PER SQ. FT.



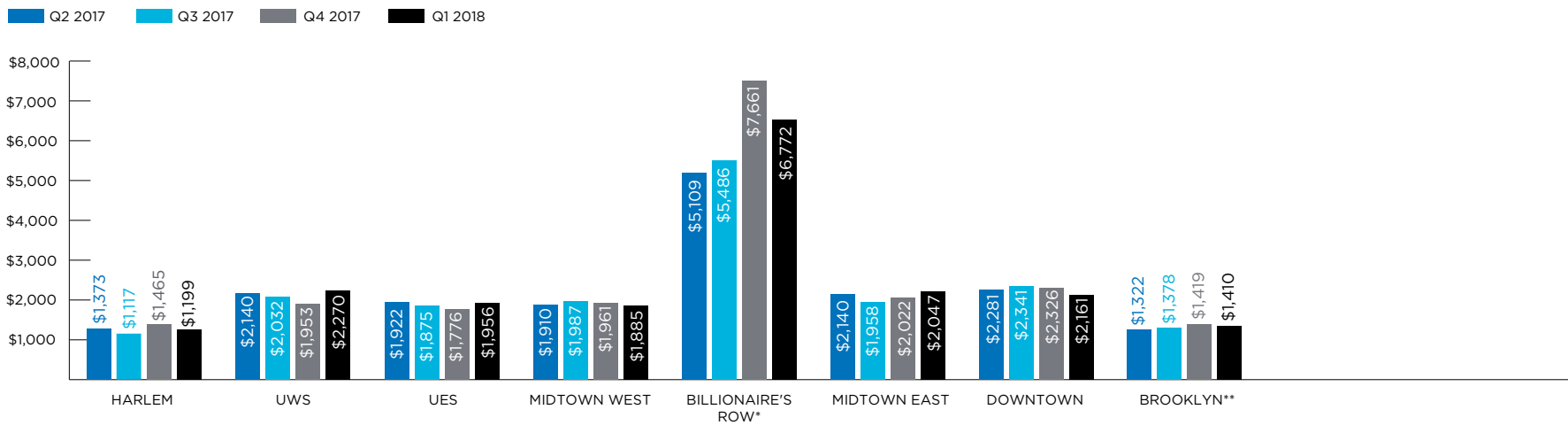
*Billionaire's Row comprised of: 432 Park Ave, 53 W 53rd, 520 Park Avenue

**Brooklyn neighborhoods tracked: Bedford Stuyvesant, Boerum Hill, Brooklyn Heights, Bushwick, Carroll Gardens, Clinton Hill, Crown Heights, Downtown Brooklyn, DUMBO, Greenpoint, Park Slope, Prospect Heights, Redhook, Williamsburg

Market Overview by Quarter

The graph below depicts pricing for Contract Signed and Closed units by quarter. In Q1 2018 the Upper West Side experienced the largest quarter-over-quarter increase in Average PPSF at 16.2%, rising to \$2,270, due primarily to contracts signed at 250 West 81st Street, Waterline Square, and 101 West 78th Street. Following the Upper West Side was the Upper East Side, rising 10.1% quarter-over-quarter. Midtown East rose 1.2% quarter-over-quarter. Harlem, Downtown, and Midtown West each experienced declines from Q4 2017, with Harlem leading the downswing with an 18.2% decrease. Meanwhile, Avg. PPSF in Brooklyn experienced a modest 0.8% decrease quarter-over-quarter.

CONTRACT SIGNED, CLOSED — AVG. PRICE PER SQ. FT.



*Billionaire's Row comprised of: 432 Park Ave, 53 W 53rd, 520 Park Avenue

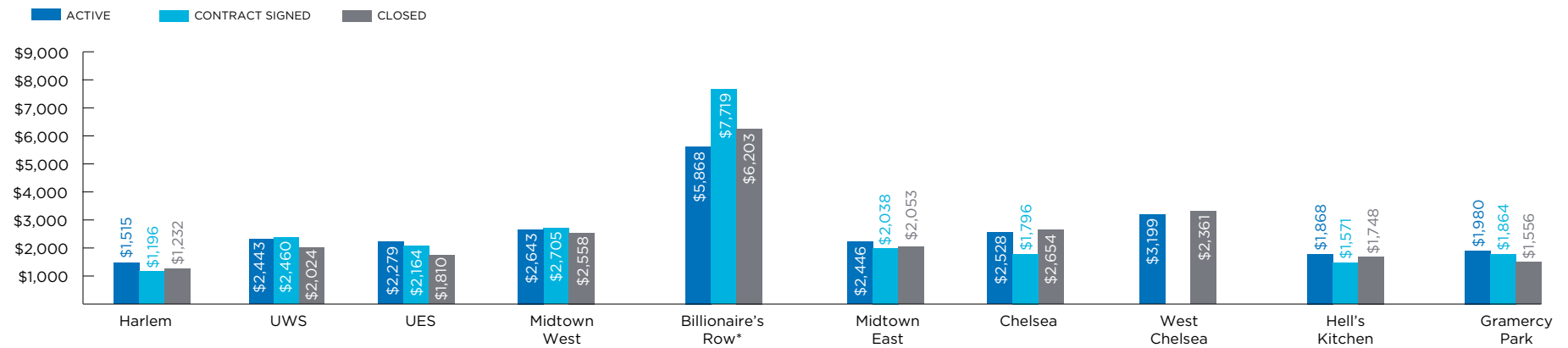
**Brooklyn neighborhoods tracked: Bedford Stuyvesant, Boerum Hill, Brooklyn Heights, Bushwick, Carroll Gardens, Clinton Hill, Crown Heights, Downtown Brooklyn, DUMBO, Greenpoint, Park Slope, Prospect Heights, Redhook, Williamsburg.

Manhattan Neighborhood Insight

Outside of Billionaire's Row, the highest average Contract Signed pricing in Manhattan for Q1 2018 was \$3,385 PSF, achieved in the West Village with sales at 160 Leroy Street, followed by the Flatiron district at \$3,096. The highest average Closed pricing outside of Billionaire's Row occurred in the West Village at \$2,862 PSF due to deliveries at The Greenwich Lane and 150 Charles Street, followed closely by TriBeCa at \$2,831 PSF.

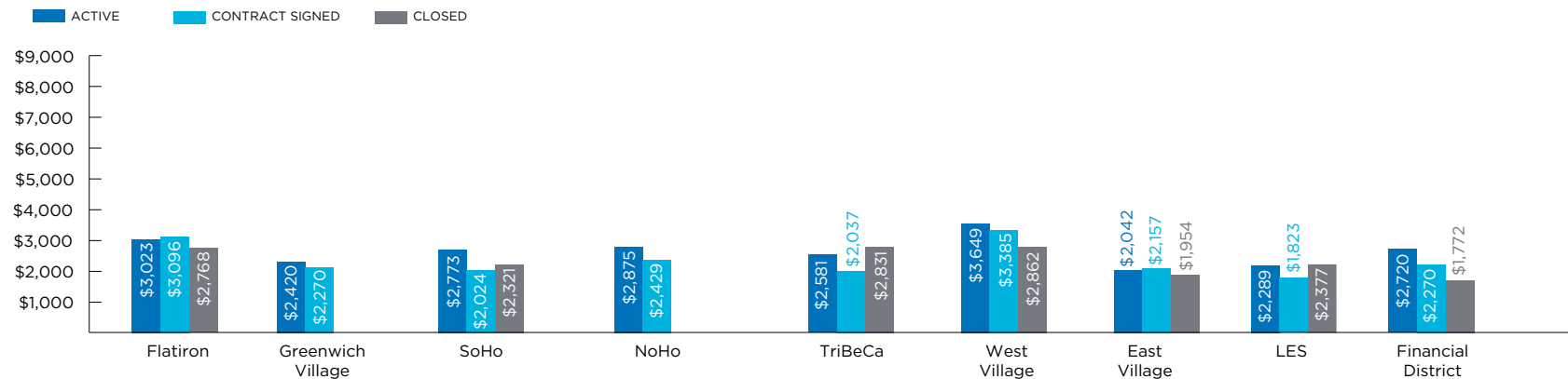
UPTOWN AND MIDTOWN

MANHATTAN — ACTIVE, CONTRACT SIGNED, CLOSED — AVG. PRICE PER SQ. FT.



DOWNTOWN

MANHATTAN — ACTIVE, CONTRACT SIGNED, CLOSED — AVG. PRICE PER SQ. FT.



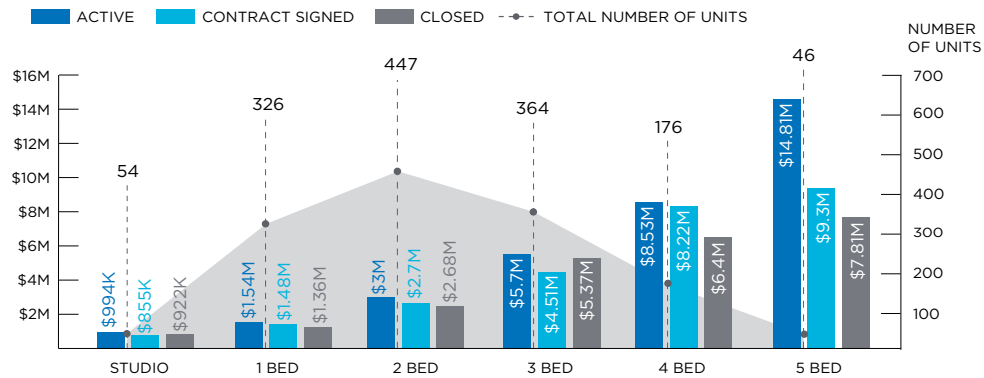
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Analysis by Unit Type

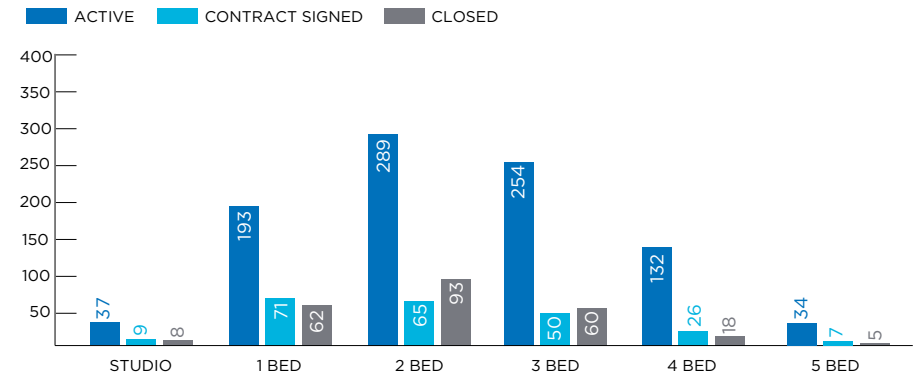
MANHATTAN AND BROOKLYN

In Q1 2018 two-bedroom units continued to experience the most deal volume by unit type in Manhattan, with over 150 two-bedroom units entering into contract or closing. In Brooklyn, one-bedroom units saw the most deal volume with more than 45 units entering into contract or closing. Median Contract Signed pricing for two-bedrooms in remained essentially flat quarter-over-quarter at \$2.69M rising 3.4% year-over-year. In Brooklyn, median Contract Signed pricing for one-bedrooms rose 2.0% quarter-over-quarter to \$950,000, and rose 3.8% year-over-year. In Manhattan, two-bedrooms show the most Active listings at nearly 300, with three-bedrooms close behind at just over 250. Two-bedrooms also comprise the most Active listings in Brooklyn with 66, while three and one-bedrooms follow with 45 and 41 units respectively.

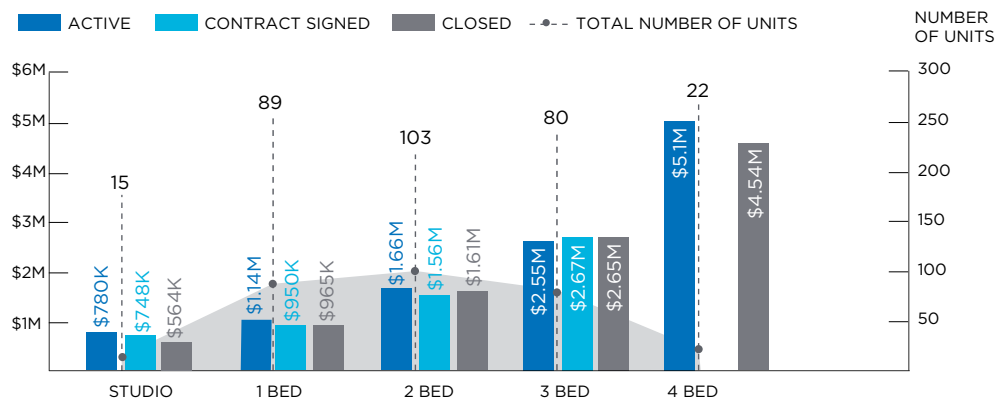
MANHATTAN — MEDIAN PRICE PER UNIT TYPE



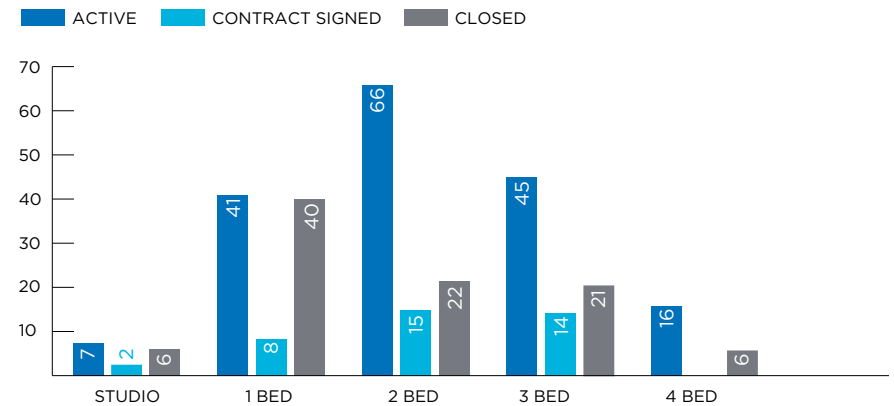
MANHATTAN — TOTAL UNITS BY BEDROOM



BROOKLYN — MEDIAN PRICE PER UNIT TYPE



BROOKLYN — TOTAL UNITS BY BEDROOM



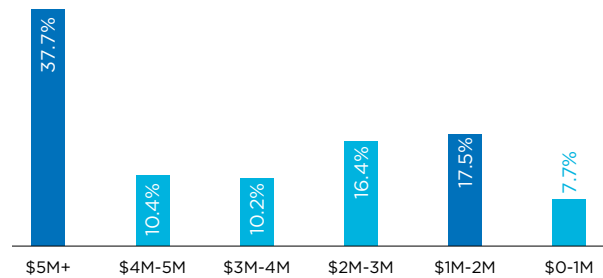
Price Point Analysis

MANHATTAN AND BROOKLYN

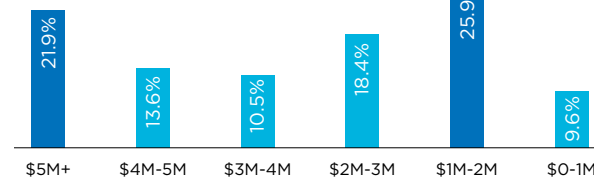
38% of all Active new development listings in Manhattan remain priced above \$5M, well below a high of 52% in Q1 2015. Meanwhile, 13.4% of Active listings remain priced above \$10M, down from 15.1% in Q4 2017.

In Manhattan, the total percentage of new development deals entering contract under \$5M fell slightly to 78% from 81% in Q4 2017. Conversely, the percentage of deals over \$5M rose to 22% from 19% quarter-over-quarter.

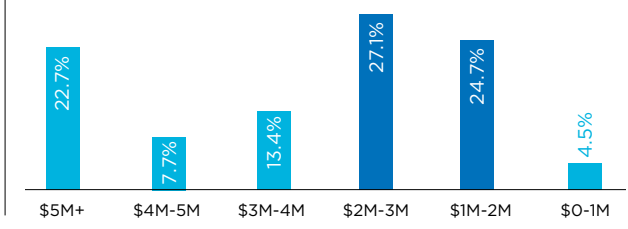
Q1 2018 PRICE POINT MANHATTAN — ACTIVE



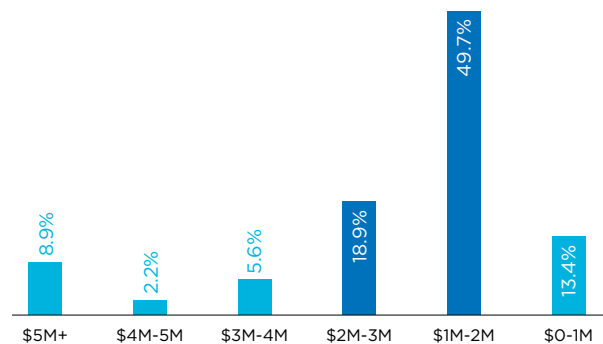
MANHATTAN — CONTRACT SIGNED



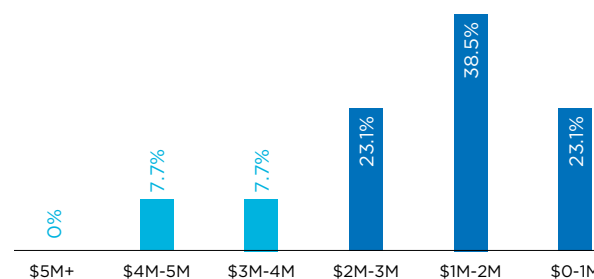
MANHATTAN — CLOSED



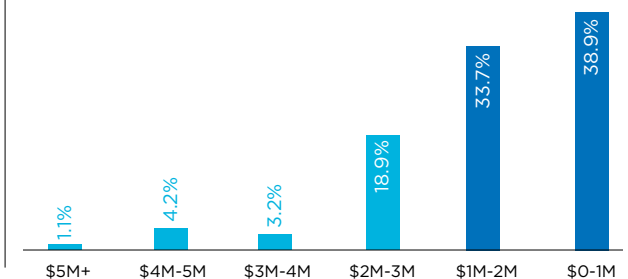
Q1 2018 PRICE POINT BROOKLYN — ACTIVE



BROOKLYN — CONTRACT SIGNED



BROOKLYN — CLOSED





15 HUBERT 15 HUBERT STREET, TRIBECA
15Hubert.com

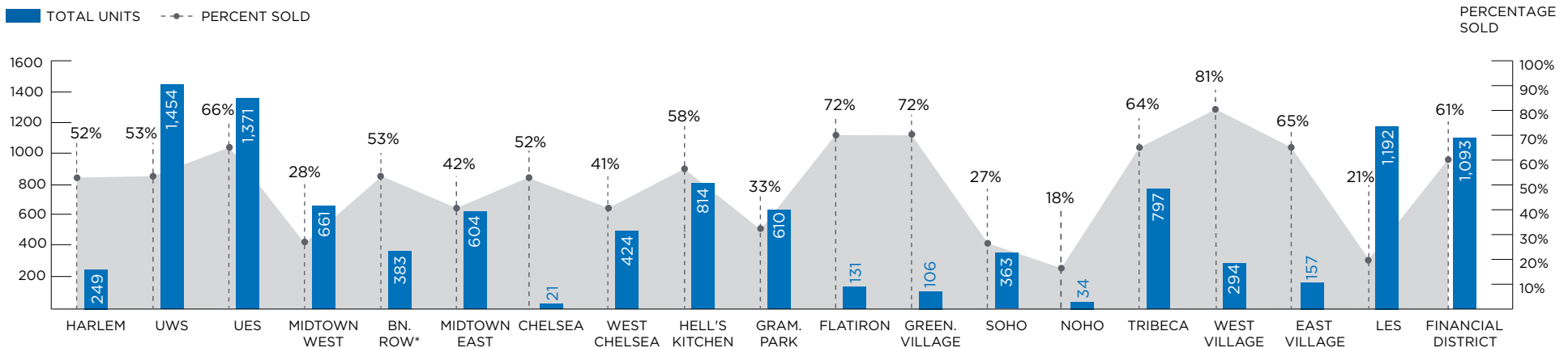
Total Inventory

MANHATTAN AND BROOKLYN

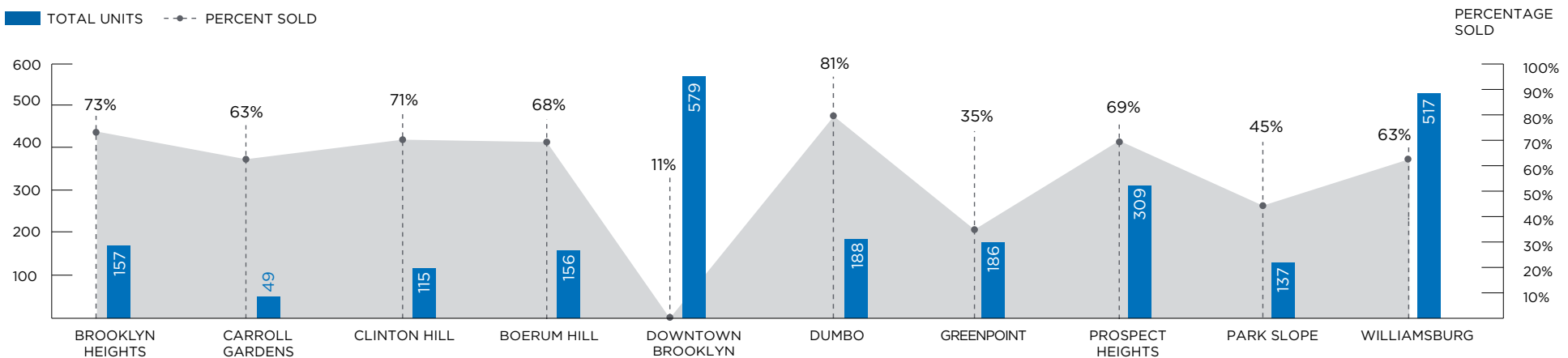
The largest amount of available inventory in Manhattan is concentrated in the Lower East Side with over 900 units, due to One Manhattan Square. The Upper West Side is next with over 600 units of available inventory due largely to Waterline Square and The Belnord. Neighborhoods with low available inventory (under 50 units) include Chelsea, Flatiron, and Greenwich Village. In Brooklyn, the highest available inventory is found in Downtown Brooklyn with the recent addition of Brooklyn Point at 138 Willoughby Street. Areas of low available inventory (under 40 units) include Clinton Hill and Carroll Gardens. The graphs below present total inventory by neighborhood along with the corresponding percentage of units sold.

Total Inventory is defined as all new development units, both currently listed as either Active, Contract Signed, or Closed, as well as those units not yet released to the market. Available Units is defined as new development units that are either currently listed as Active or those not yet released to the market. These numbers include units released prior to 2018, provided they are in a project that has not sold out all sponsor units. This data provides a comprehensive look at new development inventory by including unreleased units.

MANHATTAN TOTAL INVENTORY



BROOKLYN TOTAL INVENTORY



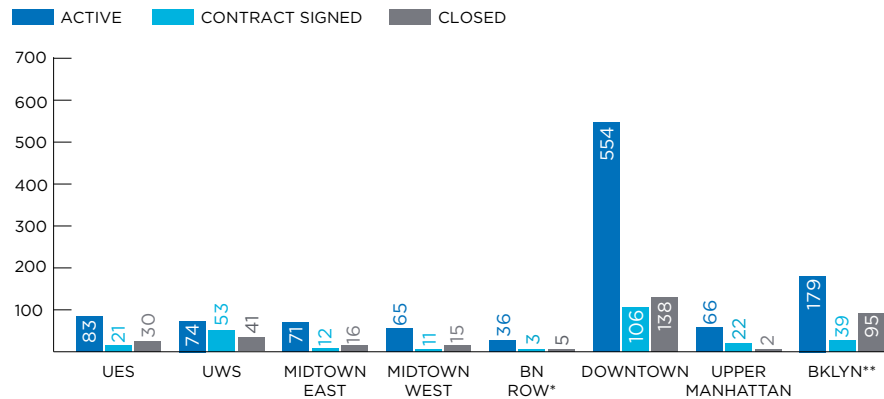
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Further Insight

MANHATTAN AND BROOKLYN

NEW DEVELOPMENT LISTINGS BY NEIGHBORHOOD

Downtown Manhattan continued to experience the most new development activity by volume in Q1 2018, followed by Brooklyn. In Manhattan, just over 280 units entered into contract in Q1 2018, an increase of 21.5% quarter-over-quarter and a decrease of 19.8% year-over-year. In Brooklyn, nearly 60 units entered into contract in Q1 2018, a 51.3% increase quarter-over-quarter and a 56.5% decrease year-over-year. This decrease reflects a lack of large projects launching in key neighborhoods in recent quarters, inhibiting supply in key price points below \$2M. These numbers include units that entered into contract and closed within the same quarter.

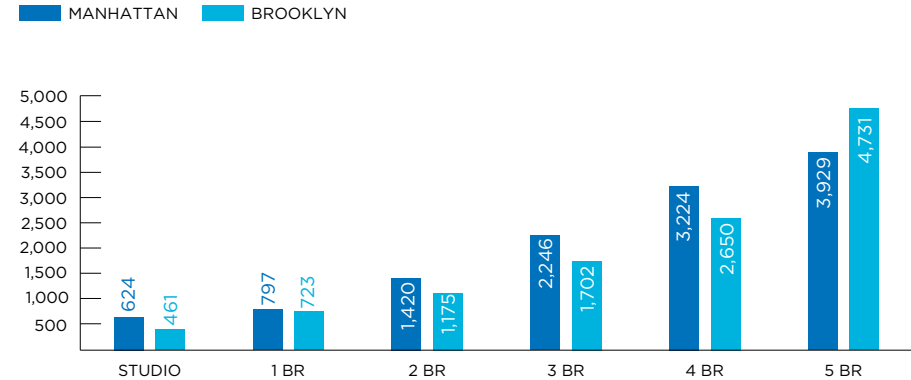


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MEDIAN SIZE (SQ. FT.) BY UNIT TYPE

Two-bedroom units in Brooklyn remain more efficiently sized than two-bedrooms in Manhattan, while one-bedrooms are becoming more similarly sized in each borough. Median size for two-bedroom units in Brooklyn is 1175 sq.ft, while the median for two-bedroom units in Manhattan is 1420 sq. ft. Median size for one-bedroom units in Brooklyn is 723 sq.ft, while the median for one-bedroom units in Manhattan is 797 sq. ft.



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